



General Assembly

Amendment

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LCO No. 3986

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Offered by:

REP. O'CONNOR, 35th Dist.

SEN. CRISCO, 17th Dist.

To: House Bill No. **5662**

File No. 305

Cal. No. 172

***"AN ACT CONCERNING AN AGREEMENT AMONG THE STATES
TO ELECT THE PRESIDENT OF THE UNITED STATES BY
NATIONAL POPULAR VOTE."***

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective July 1, 2009*):

4 ARTICLE I

5 PURPOSES

6 The purposes of this compact are, through means of joint and
7 cooperative action among the compacting states:

8 1. To promote and protect the interest of consumers of individual
9 and group annuity, life insurance, disability income and long-term
10 care insurance products;

11 2. To develop uniform standards for insurance products covered
12 under the compact;

13 3. To establish a central clearinghouse to receive and provide
14 prompt review of insurance products covered under the compact and,
15 in certain cases, advertisements related thereto, submitted by insurers
16 authorized to do business in one or more compacting states;

17 4. To give appropriate regulatory approval to those product filings
18 and advertisements satisfying the applicable uniform standard;

19 5. To improve coordination of regulatory resources and expertise
20 between state insurance departments regarding the setting of uniform
21 standards and review of insurance products covered under the
22 compact;

23 6. To create the Interstate Insurance Product Regulation
24 Commission; and

25 7. To perform these and such other related functions as may be
26 consistent with the state regulation of the business of insurance.

27 ARTICLE II

28 DEFINITIONS

29 For purposes of this compact:

1. "Advertisement" means any material designed to create public interest in a product, or induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a policy, as more specifically defined in the rules and operating procedures of the commission.

35 2. "Bylaws" mean those bylaws established by the commission for its
36 governance, or for directing or controlling the commission's actions or
37 conduct.

38 3. "Compacting state" means any state which has enacted this

39 Compact legislation and which has not withdrawn pursuant to Article
40 XIV, Section A, or been terminated pursuant to Article XIV, Section B.

41 4. "Commission" means the "Interstate Insurance Product
42 Regulation Commission" established by this compact.

43 5. "Commissioner" means the chief insurance regulatory official of a
44 state including, but not limited to, commissioner, superintendent,
45 director or administrator.

46 6. "Domiciliary State" means the state in which an Insurer is
47 incorporated or organized; or, in the case of an alien insurer, its state of
48 entry.

49 7. "Insurer" means any entity licensed by a state to issue contracts of
50 insurance for any of the lines of insurance covered by this compact.

51 8. "Member" means the person chosen by a compacting state as its
52 representative to the commission, or the member's designee.

53 9. "Non-Compacting state" means any state which is not at the time
54 a compacting state.

55 10. "Operating Procedures" mean procedures promulgated by the
56 commission implementing a rule, uniform standard or a provision of
57 this compact.

58 11. "Product" means the form of a policy or contract, including any
59 application, endorsement, or related form which is attached to and
60 made a part of the policy or contract, and any evidence of coverage or
61 certificate, for an individual or group annuity, life insurance, disability
62 income or long-term care insurance product that an Insurer is
63 authorized to issue.

64 12. "Rule" means a statement of general or particular applicability
65 and future effect promulgated by the commission, including a uniform
66 standard developed pursuant to Article VII of this compact, designed
67 to implement, interpret, or prescribe law or policy or describing the

68 organization, procedure, or practice requirements of the commission,
69 which shall have the force and effect of law in the compacting states.

70 13. "State" means any state, district or territory of the United States
71 of America.

72 14. "Third-Party Filer" means an entity that submits a product filing
73 to the commission on behalf of an Insurer.

74 15. "Uniform standard" means a standard adopted by the
75 commission for a product line, pursuant to Article IV of this compact,
76 and shall include all of the product requirements in aggregate;
77 provided, that each uniform standard shall be construed, whether
78 express or implied, to prohibit the use of any inconsistent, misleading
79 or ambiguous provisions in a product and the form of the product
80 made available to the public shall not be unfair, inequitable or against
81 public policy as determined by the commission.

82 ARTICLE III

83 ESTABLISHMENT OF THE INTERSTATE INSURANCE PRODUCT 84 REGULATION COMMISSION AND VENUE

85 1. The compacting states hereby create and establish a joint public
86 agency known as the "Interstate Insurance Product Regulation
87 Commission." Pursuant to Article IV, the commission will have the
88 power to develop uniform standards for product lines, receive and
89 provide prompt review of products filed therewith, and give approval
90 to those product filings satisfying applicable uniform standards;
91 provided, it is not intended for the commission to be the exclusive
92 entity for receipt and review of insurance product filings. Nothing
93 herein shall prohibit any Insurer from filing its product in any state
94 wherein the Insurer is licensed to conduct the business of insurance;
95 and any such filing shall be subject to the laws of the state where filed.

96 2. The Interstate Insurance Product Regulation Commission is a
97 body corporate and politic, and an instrumentality of the compacting

98 states.

99 3. The commission is solely responsible for its liabilities except as
100 otherwise specifically provided in this compact.

101 4. Venue is proper and judicial proceedings by or against the
102 commission shall be brought solely and exclusively in a court of
103 competent jurisdiction where the principal office of the commission is
104 located.

105 ARTICLE IV

106 POWERS OF THE INTERSTATE INSURANCE PRODUCT
107 REGULATION COMMISSION

108 The commission shall have the following powers:

109 1. To promulgate rules, pursuant to Article VII of this compact,
110 which shall have the force and effect of law and shall be binding in the
111 compacting states to the extent and in the manner provided in this
112 compact;

113 2. To exercise its rule-making authority and establish reasonable
114 uniform standards for products covered under the compact, and
115 advertisement related thereto, which shall have the force and effect of
116 law and shall be binding in the compacting states, but only for those
117 products filed with the commission, provided, that a compacting state
118 shall have the right to opt out of such uniform standard pursuant to
119 Article VII, to the extent and in the manner provided in this compact,
120 and, provided further, that any uniform standard established by the
121 commission for long-term care insurance products may provide the
122 same or greater protections for consumers as, but shall not provide less
123 than, those protections set forth in the National Association of
124 Insurance Commissioners' Long-Term Care Insurance Model Act and
125 Long-Term Care Insurance Model Regulation, respectively, adopted as
126 of 2001. The commission shall consider whether any subsequent
127 amendments to the National Association of Insurance Commissioners

128 Long-Term Care Insurance Model Act or Long-Term Care Insurance
129 Model Regulation adopted by the National Association of Insurance
130 Commissioners require amending of the uniform standards
131 established by the commission for long-term care insurance products;

132 3. To receive and review in an expeditious manner products filed
133 with the commission, and rate filings for disability income and long-
134 term care insurance products, and give approval of those products and
135 rate filings that satisfy the applicable uniform standard, where such
136 approval shall have the force and effect of law and be binding on the
137 compacting states to the extent and in the manner provided in the
138 compact;

139 4. To receive and review in an expeditious manner advertisement
140 relating to long-term care insurance products for which uniform
141 standards have been adopted by the commission, and give approval to
142 all advertisement that satisfies the applicable uniform standard. For
143 any product covered under this compact, other than long-term care
144 insurance products, the commission shall have the authority to require
145 an insurer to submit all or any part of its advertisement with respect to
146 that product for review or approval prior to use, if the commission
147 determines that the nature of the product is such that an advertisement
148 of the product could have the capacity or tendency to mislead the
149 public. The actions of the commission as provided in this section shall
150 have the force and effect of law and shall be binding in the compacting
151 states to the extent and in the manner provided in the compact;

152 5. To exercise its rule-making authority and designate products and
153 advertisement that may be subject to a self-certification process
154 without the need for prior approval by the commission;

155 6. To promulgate operating procedures, pursuant to Article VII of
156 this compact, which shall be binding in the compacting states to the
157 extent and in the manner provided in this compact;

158 7. To bring and prosecute legal proceedings or actions in its name as
159 the commission; provided, that the standing of any state insurance

160 department to sue or be sued under applicable law shall not be
161 affected;

162 8. To issue subpoenas requiring the attendance and testimony of
163 witnesses and the production of evidence;

164 9. To establish and maintain offices;

165 10. To purchase and maintain insurance and bonds;

166 11. To borrow, accept or contract for services of personnel,
167 including, but not limited to, employees of a compacting state;

168 12. To hire employees, professionals or specialists, and elect or
169 appoint officers, and to fix their compensation, define their duties and
170 give them appropriate authority to carry out the purposes of the
171 compact, and determine their qualifications; and to establish the
172 commission's personnel policies and programs relating to, among
173 other things, conflicts of interest, rates of compensation and
174 qualifications of personnel;

175 13. To accept any and all appropriate donations and grants of
176 money, equipment, supplies, materials and services, and to receive,
177 utilize and dispose of the same; provided that at all times the
178 commission shall strive to avoid any appearance of impropriety;

179 14. To lease, purchase, accept appropriate gifts or donations of, or
180 otherwise to own, hold, improve or use, any property, real, personal or
181 mixed; provided that at all times the commission shall strive to avoid
182 any appearance of impropriety;

183 15. To sell, convey, mortgage, pledge, lease, exchange, abandon or
184 otherwise dispose of any property, real, personal or mixed;

185 16. To remit filing fees to compacting states as may be set forth in
186 the bylaws, rules or operating procedures;

187 17. To enforce compliance by compacting states with rules, uniform

- 188 standards, operating procedures and bylaws;
- 189 18. To provide for dispute resolution among compacting states;
- 190 19. To advise compacting states on issues relating to Insurers
191 domiciled or doing business in non-compacting jurisdictions,
192 consistent with the purposes of this compact;
- 193 20. To provide advice and training to those personnel in state
194 insurance departments responsible for product review, and to be a
195 resource for state insurance departments;
- 196 21. To establish a budget and make expenditures;
- 197 22. To borrow money;
- 198 23. To appoint committees, including advisory committees
199 comprising members, state insurance regulators, state legislators or
200 their representatives, insurance industry and consumer
201 representatives, and such other interested persons as may be
202 designated in the bylaws;
- 203 24. To provide and receive information from, and to cooperate with
204 law enforcement agencies;
- 205 25. To adopt and use a corporate seal; and
- 206 26. To perform such other functions as may be necessary or
207 appropriate to achieve the purposes of this compact consistent with the
208 state regulation of the business of insurance.

209 ARTICLE V

210 ORGANIZATION OF THE COMMISSION

211 Section A. Membership, Voting and Bylaws

- 212 1. Each compacting state shall have and be limited to one member.
213 Each member shall be qualified to serve in that capacity pursuant to

214 applicable law of the compacting state. Any member may be removed
215 or suspended from office as provided by the law of the state from
216 which the member is appointed. Any vacancy occurring in the
217 commission shall be filled in accordance with the laws of the
218 compacting state wherein the vacancy exists. Nothing herein shall be
219 construed to affect the manner in which a compacting state determines
220 the election or appointment and qualification of its own commissioner.

221 2. Each member shall be entitled to one vote and shall have an
222 opportunity to participate in the governance of the commission in
223 accordance with the bylaws. Notwithstanding any provision herein to
224 the contrary, no action of the commission with respect to the
225 promulgation of a uniform standard shall be effective unless two-
226 thirds of the members vote in favor thereof.

227 3. The commission shall, by a majority of the members, prescribe
228 bylaws to govern its conduct as may be necessary or appropriate to
229 carry out the purposes, and exercise the powers, of the compact,
230 including, but not limited to:

231 a. Establishing the fiscal year of the commission;

232 b. Providing reasonable procedures for appointing and electing
233 members, as well as holding meetings, of the management committee;

234 c. Providing reasonable standards and procedures: (I) for the
235 establishment and meetings of other committees, and (II) governing
236 any general or specific delegation of any authority or function of the
237 commission;

238 d. Providing reasonable procedures for calling and conducting
239 meetings of the commission that consists of a majority of commission
240 members, ensuring reasonable advance notice of each such meeting
241 and providing for the right of citizens to attend each such meeting
242 with enumerated exceptions designed to protect the public's interest,
243 the privacy of individuals, and insurers' proprietary information,
244 including trade secrets. The commission may meet in camera only after

245 a majority of the entire membership votes to close a meeting in whole
246 or in part. As soon as practicable, the commission must make public (I)
247 a copy of the vote to close the meeting revealing the vote of each
248 member with no proxy votes allowed, and (II) votes taken during such
249 meeting;

250 e. Establishing the titles, duties and authority and reasonable
251 procedures for the election of the officers of the commission;

252 f. Providing reasonable standards and procedures for the
253 establishment of the personnel policies and programs of the
254 commission. Notwithstanding any civil service or other similar laws of
255 any compacting state, the bylaws shall exclusively govern the
256 personnel policies and programs of the commission;

257 g. Promulgating a code of ethics to address permissible and
258 prohibited activities of commission members and employees; and

259 h. Providing a mechanism for winding up the operations of the
260 commission and the equitable disposition of any surplus funds that
261 may exist after the termination of the compact after the payment or
262 reserving of all of its debts and obligations.

263 4. The commission shall publish its bylaws in a convenient form and
264 file a copy thereof and a copy of any amendment thereto, with the
265 appropriate agency or officer in each of the compacting states.

266 Section B. Management Committee, Officers and Personnel

267 1. A management committee comprising no more than fourteen
268 members shall be established as follows:

269 a. One member from each of the six compacting states with the
270 largest premium volume for individual and group annuities, life,
271 disability income and long-term care insurance products, determined
272 from the records of the National Association of Insurance
273 Commissioners for the prior year;

274 b. Four members from those compacting states with at least two per
275 cent of the market based on the premium volume described above,
276 other than the six compacting states with the largest premium volume,
277 selected on a rotating basis as provided in the bylaws; and

278 c. Four members from those compacting states with less than two
279 per cent of the market, based on the premium volume described above,
280 with one selected from each of the four zone regions of the National
281 Association of Insurance Commissioners as provided in the bylaws.

282 2. The management committee shall have such authority and duties
283 as may be set forth in the bylaws, including, but not limited to:

284 a. Managing the affairs of the commission in a manner consistent
285 with the bylaws and purposes of the commission;

286 b. Establishing and overseeing an organizational structure within,
287 and appropriate procedures for, the commission to provide for the
288 creation of uniform standards and other rules, receipt and review of
289 product filings, administrative and technical support functions, review
290 of decisions regarding the disapproval of a product filing, and the
291 review of elections made by a compacting state to opt out of a uniform
292 standard; provided that a uniform standard shall not be submitted to
293 the compacting states for adoption unless approved by two-thirds of
294 the members of the management committee;

295 c. Overseeing the offices of the commission; and

296 d. Planning, implementing, and coordinating communications and
297 activities with other state, federal and local government organizations
298 in order to advance the goals of the commission.

299 3. The commission shall elect annually officers from the
300 management committee, with each having such authority and duties,
301 as may be specified in the bylaws.

302 4. The management committee may, subject to the approval of the
303 commission, appoint or retain an executive director for such period,

304 upon such terms and conditions and for such compensation as the
305 commission may deem appropriate. The executive director shall serve
306 as secretary to the commission, but shall not be a member of the
307 commission. The executive director shall hire and supervise such other
308 staff as may be authorized by the commission.

309 Section C. Legislative and Advisory Committees

310 1. A legislative committee comprising state legislators or their
311 designees shall be established to monitor the operations of, and make
312 recommendations to, the commission, including the management
313 committee; provided that the manner of selection and term of any
314 legislative committee member shall be as set forth in the bylaws. Prior
315 to the adoption by the commission of any uniform standard, revision
316 to the bylaws, annual budget or other significant matter as may be
317 provided in the bylaws, the management committee shall consult with
318 and report to the legislative committee.

319 2. The commission shall establish two advisory committees, one of
320 which shall comprise consumer representatives independent of the
321 insurance industry, and the other comprising insurance industry
322 representatives.

323 3. The commission may establish additional advisory committees as
324 its bylaws may provide for the carrying out of its functions.

325 Section D. Corporate Records of the Commission

326 The commission shall maintain its corporate books and records in
327 accordance with the bylaws.

328 Section E. Qualified Immunity, Defense and Indemnification

329 1. The members, officers, executive director, employees and
330 representatives of the commission shall be immune from suit and
331 liability, either personally or in their official capacity, for any claim for
332 damage to or loss of property or personal injury or other civil liability
333 caused by or arising out of any actual or alleged act, error or omission

334 that occurred, or that the person against whom the claim is made had a
335 reasonable basis for believing occurred within the scope of commission
336 employment, duties or responsibilities; provided, that nothing in this
337 paragraph shall be construed to protect any such person from suit or
338 liability for any damage, loss, injury or liability caused by the
339 intentional or wilful and wanton misconduct of that person.

340 2. The commission shall defend any member, officer, executive
341 director, employee or representative of the commission in any civil
342 action seeking to impose liability arising out of any actual or alleged
343 act, error or omission that occurred within the scope of commission
344 employment, duties or responsibilities, or that the person against
345 whom the claim is made had a reasonable basis for believing occurred
346 within the scope of commission employment, duties or responsibilities;
347 provided, that nothing herein shall be construed to prohibit that
348 person from retaining counsel; and provided further, that the actual or
349 alleged act, error or omission did not result from that person's
350 intentional or wilful and wanton misconduct.

351 3. The commission shall indemnify and hold harmless any member,
352 officer, executive director, employee or representative of the
353 commission for the amount of any settlement or judgment obtained
354 against that person arising out of any actual or alleged act, error or
355 omission that occurred within the scope of commission employment,
356 duties or responsibilities, or that such person had a reasonable basis
357 for believing occurred within the scope of commission employment,
358 duties or responsibilities, provided, that the actual or alleged act, error
359 or omission did not result from the intentional or wilful and wanton
360 misconduct of that person.

361 ARTICLE VI

362 MEETINGS AND ACTS OF THE COMMISSION

363 1. The commission shall meet and take such actions as are consistent
364 with the provisions of this compact and the bylaws.

365 2. Each member of the commission shall have the right and power
366 to cast a vote to which that compacting state is entitled and to
367 participate in the business and affairs of the commission. A member
368 shall vote in person or by such other means as provided in the bylaws.
369 The bylaws may provide for members' participation in meetings by
370 telephone or other means of communication.

371 3. The commission shall meet at least once during each calendar
372 year. Additional meetings shall be held as set forth in the bylaws.

373 ARTICLE VII

374 RULES AND OPERATING PROCEDURES: RULEMAKING
375 FUNCTIONS OF THE COMMISSION AND OPTING OUT OF
376 UNIFORM STANDARDS

377 1. The commission shall promulgate reasonable rules, including
378 uniform standards, and operating procedures in order to effectively
379 and efficiently achieve the purposes of this compact. Notwithstanding
380 the foregoing, in the event the commission exercises its rulemaking
381 authority in a manner that is beyond the scope of the purposes of this
382 compact, or the powers granted hereunder, then such an action by the
383 commission shall be invalid and have no force and effect.

384 2. Rules and operating procedures shall be made pursuant to a
385 rulemaking process that conforms to the Model State Administrative
386 Procedure Act of 1981 as amended, as may be appropriate to the
387 operations of the commission. Before the commission adopts a uniform
388 standard, the commission shall give written notice to the relevant state
389 legislative committees in each compacting state responsible for
390 insurance issues of its intention to adopt the uniform standard. The
391 commission in adopting a uniform standard shall consider fully all
392 submitted materials and issue a concise explanation of its decision.

393 3. A uniform standard shall become effective ninety days after its
394 promulgation by the commission or such later date as the commission
395 may determine; provided, however, that a compacting state may opt

396 out of a uniform standard as provided in this article. "Opt out" shall be
397 defined as any action by a compacting state to decline to adopt or
398 participate in a promulgated uniform standard. All other rules and
399 operating procedures, and amendments thereto, shall become effective
400 as of the date specified in each rule, operating procedure or
401 amendment.

402 4. A compacting state may opt out of a uniform standard, either by
403 legislation or regulation duly promulgated by the Insurance
404 Department under the compacting state's administrative procedure
405 act. If a compacting state elects to opt out of a uniform standard by
406 regulation, it must (a) give written notice to the commission no later
407 than ten business days after the uniform standard is promulgated, or
408 at the time the state becomes a compacting state, and (b) find that the
409 uniform standard does not provide reasonable protections to the
410 citizens of the state, given the conditions in the state. The
411 commissioner shall make specific findings of fact and conclusions of
412 law, based on a preponderance of the evidence, detailing the
413 conditions in the state which warrant a departure from the uniform
414 standard and determining that the uniform standard would not
415 reasonably protect the citizens of the state. The commissioner must
416 consider and balance the following factors and find that the conditions
417 in the state and needs of the citizens of the state outweigh: (I) The
418 intent of the legislature to participate in, and the benefits of, an
419 interstate agreement to establish national uniform consumer
420 protections for the products subject to this compact; and (II) the
421 presumption that a uniform standard adopted by the commission
422 provides reasonable protections to consumers of the relevant product.
423 Notwithstanding the foregoing, a compacting state may, at the time of
424 its enactment of this compact, prospectively opt out of all uniform
425 standards involving long-term care insurance products by expressly
426 providing for such opt out in the enacted compact, and such an opt out
427 shall not be treated as a material variance in the offer or acceptance of
428 any state to participate in this compact. Such an opt out shall be
429 effective at the time of enactment of this compact by the compacting

430 state and shall apply to all existing uniform standards involving long-
431 term care insurance products and those subsequently promulgated.

432 5. If a compacting state elects to opt out of a uniform standard, the
433 uniform standard shall remain applicable in the compacting state
434 electing to opt out until such time the opt out legislation is enacted into
435 law or the regulation opting out becomes effective. Once the opt out of
436 a uniform standard by a compacting state becomes effective as
437 provided under the laws of that state, the uniform standard shall have
438 no further force and effect in that state unless and until the legislation
439 or regulation implementing the opt out is repealed or otherwise
440 becomes ineffective under the laws of the state. If a compacting state
441 opts out of a uniform standard after the uniform standard has been
442 made effective in that state, the opt out shall have the same prospective
443 effect as provided under Article XIV for withdrawals.

444 6. If a compacting state has formally initiated the process of opting
445 out of a uniform standard by regulation, and while the regulatory opt
446 out is pending, the compacting state may petition the commission, at
447 least fifteen days before the effective date of the uniform standard, to
448 stay the effectiveness of the uniform standard in that state. The
449 commission may grant a stay if it determines the regulatory opt out is
450 being pursued in a reasonable manner and there is a likelihood of
451 success. If a stay is granted or extended by the commission, the stay or
452 extension thereof may postpone the effective date by up to ninety
453 days, unless affirmatively extended by the commission; provided, a
454 stay may not be permitted to remain in effect for more than one year
455 unless the compacting state can show extraordinary circumstances
456 which warrant a continuance of the stay, including, but not limited to,
457 the existence of a legal challenge which prevents the compacting state
458 from opting out. A stay may be terminated by the commission upon
459 notice that the rulemaking process has been terminated.

460 7. Not later than thirty days after a rule or operating procedure is
461 promulgated, any person may file a petition for judicial review of the
462 rule or operating procedure; provided, that the filing of such a petition

463 shall not stay or otherwise prevent the rule or operating procedure
464 from becoming effective unless the court finds that the petitioner has a
465 substantial likelihood of success. The court shall give deference to the
466 actions of the commission consistent with applicable law and shall not
467 find the rule or operating procedure to be unlawful if the rule or
468 operating procedure represents a reasonable exercise of the
469 commission's authority.

470 ARTICLE VIII

471 COMMISSION RECORDS AND ENFORCEMENT

472 1. The commission shall promulgate rules establishing conditions
473 and procedures for public inspection and copying of its information
474 and official records, except such information and records involving the
475 privacy of individuals and insurers' trade secrets. The commission may
476 promulgate additional rules under which it may make available to
477 federal and state agencies, including law enforcement agencies,
478 records and information otherwise exempt from disclosure, and may
479 enter into agreements with such agencies to receive or exchange
480 information or records subject to nondisclosure and confidentiality
481 provisions.

482 2. Except as to privileged records, data and information, the laws of
483 any compacting state pertaining to confidentiality or nondisclosure
484 shall not relieve any compacting state commissioner of the duty to
485 disclose any relevant records, data or information to the commission;
486 provided, that disclosure to the commission shall not be deemed to
487 waive or otherwise affect any confidentiality requirement; and further
488 provided, that, except as otherwise expressly provided in this compact,
489 the commission shall not be subject to the compacting state's laws
490 pertaining to confidentiality and nondisclosure with respect to records,
491 data and information in its possession. Confidential information of the
492 commission shall remain confidential after such information is
493 provided to any commissioner.

494 3. The commission shall monitor compacting states for compliance

495 with duly adopted bylaws, rules, including uniform standards, and
496 operating procedures. The commission shall notify any non-complying
497 compacting state in writing of its noncompliance with commission
498 bylaws, rules or operating procedures. If a non-complying compacting
499 state fails to remedy its noncompliance within the time specified in the
500 notice of noncompliance, the compacting state shall be deemed to be in
501 default as set forth in Article XIV.

502 4. The commissioner of any state in which an insurer is authorized
503 to do business, or is conducting the business of insurance, shall
504 continue to exercise the commissioner's authority to oversee the
505 market regulation of the activities of the insurer in accordance with the
506 provisions of the state's law. The commissioner's enforcement of
507 compliance with the compact is governed by the following provisions:

508 a. With respect to the commissioner's market regulation of a product
509 or advertisement that is approved or certified to the commission, the
510 content of the product or advertisement shall not constitute a violation
511 of the provisions, standards or requirements of the compact except
512 upon a final order of the commission, issued at the request of a
513 commissioner after prior notice to the insurer and an opportunity for
514 hearing before the commission.

515 b. Before a commissioner may bring an action for violation of any
516 provision, standard or requirement of the compact relating to the
517 content of an advertisement not approved or certified to the
518 commission, the commission, or an authorized commission officer or
519 employee, must authorize the action. However, authorization
520 pursuant to this paragraph does not require notice to the insurer,
521 opportunity for hearing or disclosure of requests for authorization or
522 records of the commission's action on such requests.

523 ARTICLE IX

524 DISPUTE RESOLUTION

525 The commission shall attempt, upon the request of a member, to

526 resolve any disputes or other issues that are subject to this compact
527 and which may arise between two or more compacting states, or
528 between compacting states and non-compacting states, and the
529 commission shall promulgate an operating procedure providing for
530 resolution of such disputes.

531 ARTICLE X

532 PRODUCT FILING AND APPROVAL

533 1. Insurers and third-party filers seeking to have a product
534 approved by the commission shall file the product with, and pay
535 applicable filing fees to, the commission. Nothing in this compact shall
536 be construed to restrict or otherwise prevent an insurer from filing its
537 product with the insurance department in any state wherein the
538 insurer is licensed to conduct the business of insurance, and such filing
539 shall be subject to the laws of the states where filed.

540 2. The commission shall establish appropriate filing and review
541 processes and procedures pursuant to commission rules and operating
542 procedures. Notwithstanding any provision herein to the contrary, the
543 commission shall promulgate rules to establish conditions and
544 procedures under which the commission will provide public access to
545 product filing information. In establishing such rules, the commission
546 shall consider the interests of the public in having access to such
547 information, as well as protection of personal medical and financial
548 information and trade secrets, that may be contained in a product
549 filing or supporting information.

550 3. Any product approved by the commission may be sold or
551 otherwise issued in those compacting states for which the insurer is
552 legally authorized to do business.

553 ARTICLE XI

554 REVIEW OF COMMISSION DECISIONS REGARDING FILINGS

555 1. Not later than thirty days after the commission has given notice of

556 a disapproved product or advertisement filed with the commission,
557 the insurer or third party filer whose filing was disapproved may
558 appeal the determination to a review panel appointed by the
559 commission. The commission shall promulgate rules to establish
560 procedures for appointing such review panels and provide for notice
561 and hearing. An allegation that the commission, in disapproving a
562 product or advertisement filed with the commission, acted arbitrarily,
563 capriciously, or in a manner that is an abuse of discretion or otherwise
564 not in accordance with the law, is subject to judicial review in
565 accordance with Article III, section 4.

566 2. The commission shall have authority to monitor, review and
567 reconsider products and advertisement subsequent to their filing or
568 approval upon a finding that the product does not meet the relevant
569 uniform standard. Where appropriate, the commission may withdraw
570 or modify its approval after proper notice and hearing, subject to the
571 appeal process in section 1 of this article.

572 ARTICLE XII

573 FINANCE

574 1. The commission shall pay or provide for the payment of the
575 reasonable expenses of its establishment and organization. To fund the
576 cost of its initial operations, the commission may accept contributions
577 and other forms of funding from the National Association of Insurance
578 Commissioners, compacting states and other sources. Contributions
579 and other forms of funding from other sources shall be of such a
580 nature that the independence of the commission concerning the
581 performance of its duties shall not be compromised.

582 2. The commission shall collect a filing fee from each insurer and
583 third party filer filing a product with the commission to cover the cost
584 of the operations and activities of the commission and its staff in a total
585 amount sufficient to cover the commission's annual budget.

586 3. The commission's budget for a fiscal year shall not be approved

587 until it has been subject to notice and comment as set forth in Article
588 VII of this compact.

589 4. The commission shall be exempt from all taxation in and by the
590 compacting states.

591 5. The commission shall not pledge the credit of any compacting
592 state, except by and with the appropriate legal authority of that
593 compacting state.

594 6. The commission shall keep complete and accurate accounts of all
595 its internal receipts, including grants and donations, and
596 disbursements of all funds under its control. The internal financial
597 accounts of the commission shall be subject to the accounting
598 procedures established under its bylaws. The financial accounts and
599 reports including the system of internal controls and procedures of the
600 commission shall be audited annually by an independent certified
601 public accountant. Upon the determination of the commission, but no
602 less frequently than every three years, the review of the independent
603 auditor shall include a management and performance audit of the
604 commission. The commission shall make an annual report to the
605 governor and legislature of the compacting states, which shall include
606 a report of the independent audit. The commission's internal accounts
607 shall not be confidential and such materials may be shared with the
608 commissioner of any compacting state upon request provided,
609 however, that any work papers related to any internal or independent
610 audit and any information regarding the privacy of individuals and
611 insurers' proprietary information, including trade secrets, shall remain
612 confidential.

613 7. No compacting state shall have any claim to or ownership of any
614 property held by or vested in the commission or to any commission
615 funds held pursuant to the provisions of this compact.

616 ARTICLE XIII

617 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

618 1. Any state is eligible to become a compacting state.

619 2. The compact shall become effective and binding upon legislative
620 enactment of the compact into law by two compacting states;
621 provided, the commission shall become effective for purposes of
622 adopting uniform standards for, reviewing, and giving approval or
623 disapproval of, products filed with the commission that satisfy
624 applicable uniform standards only after twenty-six states are
625 compacting states or, alternatively, by states representing greater than
626 forty per cent of the premium volume for life insurance, annuity,
627 disability income and long-term care insurance products, based on
628 records of the National Association of Insurance Commissioners for
629 the prior year. Thereafter, it shall become effective and binding as to
630 any other compacting state upon enactment of the compact into law by
631 that state.

632 3. Amendments to the compact may be proposed by the commission
633 for enactment by the compacting states. No amendment shall become
634 effective and binding upon the commission and the compacting states
635 unless and until all compacting states enact the amendment into law.

636 ARTICLE XIV

637 WITHDRAWAL, DEFAULT AND DISSOLUTION

638 Section A. Withdrawal

639 1. Once effective, the compact shall continue in force and remain
640 binding upon each and every compacting state; provided, that a
641 compacting state may withdraw from the compact by enacting a
642 statute specifically repealing the statute which enacted the compact
643 into law.

644 2. The effective date of withdrawal is the effective date of the
645 repealing statute. However, the withdrawal shall not apply to any
646 product filings approved or self-certified, or any advertisement of such
647 products, on the date the repealing statute becomes effective, except by

648 mutual agreement of the commission and the withdrawing state unless
649 the approval is rescinded by the withdrawing state as provided in
650 subdivision 5 of this section.

651 3. The commissioner of the withdrawing state shall immediately
652 notify the management committee in writing upon the introduction of
653 legislation repealing this compact in the withdrawing state.

654 4. The commission shall notify the other compacting states of the
655 introduction of such legislation within ten days after its receipt of
656 notice thereof.

657 5. The withdrawing state is responsible for all obligations, duties
658 and liabilities incurred through the effective date of withdrawal,
659 including any obligations, the performance of which extend beyond
660 the effective date of withdrawal, except to the extent those obligations
661 may have been released or relinquished by mutual agreement of the
662 commission and the withdrawing state. The commission's approval of
663 products and advertisement prior to the effective date of withdrawal
664 shall continue to be effective and be given full force and effect in the
665 withdrawing state, unless formally rescinded by the withdrawing state
666 in the same manner as provided by the laws of the withdrawing state
667 for the prospective disapproval of products or advertisement
668 previously approved under state law.

669 6. Reinstatement following withdrawal of any compacting state
670 shall occur upon the effective date of the withdrawing state reenacting
671 the compact.

672 Section B. Default

673 1. If the commission determines that any compacting state has at
674 any time defaulted in the performance of any of its obligations or
675 responsibilities under this compact, the bylaws or duly promulgated
676 rules or operating procedures, then, after notice and hearing as set
677 forth in the bylaws, all rights, privileges and benefits conferred by this
678 compact on the defaulting state shall be suspended from the effective

679 date of default as fixed by the commission. The grounds for default
680 include, but are not limited to, failure of a compacting state to perform
681 its obligations or responsibilities, and any other grounds designated in
682 commission rules. The commission shall immediately notify the
683 defaulting state in writing of the defaulting state's suspension pending
684 a cure of the default. The commission shall stipulate the conditions and
685 the time period within which the defaulting state must cure its default.
686 If the defaulting state fails to cure the default within the time period
687 specified by the commission, the defaulting state shall be terminated
688 from the compact and all rights, privileges and benefits conferred by
689 this compact shall be terminated from the effective date of termination.

690 2. Product approvals by the commission or product self-
691 certifications, or any advertisement in connection with such product,
692 that are in force on the effective date of termination shall remain in
693 force in the defaulting state in the same manner as if the defaulting
694 state had withdrawn voluntarily pursuant to section 1 of this article.

695 3. Reinstatement following termination of any compacting state
696 requires a reenactment of the compact.

697 Section C. Dissolution of Compact

698 1. The compact dissolves effective upon the date of the withdrawal
699 or default of the compacting state which reduces membership in the
700 compact to one compacting state.

701 2. Upon the dissolution of this compact, the compact becomes null
702 and void and shall be of no further force or effect, and the business and
703 affairs of the commission shall be wound up and any surplus funds
704 shall be distributed in accordance with the bylaws.

705 ARTICLE XV

706 SEVERABILITY AND CONSTRUCTION

707 1. The provisions of this compact shall be severable; and if any
708 phrase, clause, sentence or provision is deemed unenforceable, the

709 remaining provisions of the compact shall be enforceable.

710 2. The provisions of this compact shall be liberally construed to
711 effectuate its purposes.

712 ARTICLE XVI

713 BINDING EFFECT OF COMPACT AND OTHER LAWS

714 Section A. Other Laws

715 1. Nothing herein prevents the enforcement of any other law of a
716 compacting state, except as provided in subdivision 2 of this section.

717 2. For any product approved or certified to the commission, the
718 rules, uniform standards and any other requirements of the
719 commission shall constitute the exclusive provisions applicable to the
720 content, approval and certification of such products. For advertisement
721 that is subject to the commission's authority, any rule, uniform
722 standard or other requirement of the commission which governs the
723 content of the advertisement shall constitute the exclusive provision
724 that a commissioner may apply to the content of the advertisement.
725 Notwithstanding the foregoing, no action taken by the commission
726 shall abrogate or restrict: (a) The access of any person to state courts;
727 (b) remedies available under state law related to breach of contract,
728 tort, or other laws not specifically directed to the content of the
729 product; (c) state law relating to the construction of insurance
730 contracts; or (d) the authority of the attorney general of the state,
731 including, but not limited to, maintaining any actions or proceedings,
732 as authorized by law.

733 3. All insurance products filed with individual states shall be subject
734 to the laws of those states.

735 Section B. Binding Effect of this Compact

736 1. All lawful actions of the commission, including all rules and
737 operating procedures promulgated by the commission, are binding

738 upon the compacting states.

739 2. All agreements between the commission and the compacting
740 states are binding in accordance with their terms.

741 3. Upon the request of a party to a conflict over the meaning or
742 interpretation of commission actions, and upon a majority vote of the
743 compacting states, the commission may issue advisory opinions
744 regarding the meaning or interpretation in dispute.

745 4. In the event any provision of this compact exceeds the
746 constitutional limits imposed on the legislature of any compacting
747 state, the obligations, duties, powers or jurisdiction sought to be
748 conferred by that provision upon the commission shall be ineffective
749 as to that compacting state, and those obligations, duties, powers or
750 jurisdiction shall remain in the compacting state and shall be exercised
751 by the agency thereof to which those obligations, duties, powers or
752 jurisdiction are delegated by law in effect at the time this compact
753 becomes effective.

754 APPENDIX A

755 Pursuant to terms and conditions of this compact, the state of
756 Connecticut seeks to join with other states and establish the Interstate
757 Insurance Product Regulation Compact, and thus become a member of
758 the Interstate Insurance Product Regulation Commission. The
759 Insurance Commissioner is hereby designated to serve as the
760 representative of this state to the commission."